

# SENATE, No. 1007

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JANUARY 31, 2022

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

### **SYNOPSIS**

Establishes Emerging Technology Urban Grant Program in EDA.

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT establishing the Emerging Technology Grant Program and  
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).  
3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*  
6

7 1. The Legislature finds, declares, and determines that:

8 a. High-growth start-up technology companies are critical to  
9 developing urban areas into vibrant economies that thrive on  
10 innovation and entrepreneurship.

11 b. New Jersey should catalyze the transformation of specified  
12 urban areas by attracting emerging technology businesses to create  
13 high-quality jobs and a sustainable knowledge-based economy  
14 through the establishment of an Emerging Technology Urban Grant  
15 Program.

16 c. The goal of the Emerging Technology Urban Grant Program  
17 is to attract high-growth emerging technology businesses to urban  
18 areas, called urban technology zones, through financial incentives  
19 for their use of a cloud-based capacity-building technology service,  
20 which is a computing service that allows a user to retrieve stored  
21 information and resources from the Internet through web-based  
22 tools and applications rather than through a direct connection to a  
23 server.

24 d. The creation of urban technology zones comprised of high-  
25 bandwidth emerging technology businesses that rely on cloud  
26 computing services will accelerate the transformation of these urban  
27 areas and reconnect them to the larger economy.

28 e. The New Jersey Economic Development Authority, through  
29 the Emerging Technology Urban Grant Program, shall seek to  
30 consolidate public and private economic development efforts  
31 through various funding sources into one targeted program to attract  
32 high-growth emerging technology businesses.  
33

34 2. As used in P.L. , c. (C. ) (pending before the  
35 Legislature as this bill):

36 “Authority” means the New Jersey Economic Development  
37 Authority established pursuant to section 4 of P.L.1974, c.80  
38 (C.34:1B-4).

39 “Chief Executive Officer” means the Chief Executive Officer of  
40 the New Jersey Economic Development Authority.

41 “Cloud computing service” means a service that enables on-  
42 demand self-service network access to a shared pool of configurable  
43 computer resources to provide user-based productivity applications,  
44 including, but not limited to, data storage, analytics, electronic  
45 commerce, streaming services, mobile services, electronic mail, and  
46 document sharing and editing, which can be rapidly provided and  
47 released with minimal management effort or cloud computing  
48 service provider interaction.

1 “Emerging technology business” or “business” means a  
2 corporation, partnership, limited liability company, or sole  
3 proprietorship that is engaged in the design, development, and  
4 introduction of new technology, including, but not limited to,  
5 biotechnology, information technology, technology manufacturing,  
6 advanced materials, processing engineering or electronic  
7 technology products, or innovative manufacturing processes.

8 “Full-time employee” means a person who is employed for  
9 consideration for at least 35 hours a week, or who renders any other  
10 standard of service generally accepted by custom or practice as full-  
11 time employment, whose wages are subject to withholding as  
12 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
13 et seq., and who is determined by the authority to be employed in a  
14 permanent position according to criteria it develops, or who is a  
15 partner of an eligible partnership, who works for the partnership for  
16 at least 35 hours a week, or who renders any other standard of  
17 service generally accepted by custom or practice as full-time  
18 employment, and whose distributive share of income, gain, loss, or  
19 deduction, or whose guaranteed payments, or any combination  
20 thereof, is subject to the payment of estimated taxes, as provided in  
21 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.  
22 "Full-time employee" shall not include any person who works as an  
23 independent contractor or on a consulting basis for the business.

24 “Headquarters” means the single location that serves as the  
25 national administrative center of a business, at which the primary  
26 office of the chief executive officer or chief operating officer of the  
27 business, as well as the offices of the management officials  
28 responsible for key business-wide functions such as finance, legal,  
29 marketing, and human resources, are located.

30 “Information technology” means software publishing, digital  
31 media production, telecommunications, data processing, hosting  
32 and related services, custom computer programming services,  
33 computer system design, computer facilities management services,  
34 other computer-related services, and computer training.

35 “Program” means the Emerging Technology Urban Grant  
36 Program, established pursuant to section 3 of P.L. , c. (C. )  
37 (pending before the Legislature as this bill).

38 “Urban technology zone” ” means: a city of the first class in  
39 which there is located a terminal of an international airport; a city  
40 of the second class that is the State capital; a city that qualifies  
41 under the “Municipal Rehabilitation and Economic Recovery Act,”  
42 P.L.2002, c.43 (C.52:27BBB-1 et al.); and a city of the second  
43 class, having a population greater than 54,000 people but less than  
44 59,000 according to the latest federal decennial census, in a county  
45 of the second class having a population greater than 808,000 people  
46 but less than 818,000 people according to the latest federal  
47 decennial census.

1       3. a. The authority shall, subject to appropriation, establish an  
2 “Emerging Technology Urban Grant Program” within the authority for  
3 the purpose of awarding grants to qualifying emerging technology  
4 businesses to cover the cost of using cloud computing services in order  
5 to encourage the businesses to locate in an urban technology zone,  
6 facilitating economic growth and job creation in New Jersey’s urban  
7 core. The award of a grant to a qualifying business shall, subject to  
8 appropriation, be limited to the amount of the cost of cloud computing  
9 services and shall be applied to cover the cost of those services.

10       b. The Chief Executive Officer shall approve for grant eligibility  
11 an emerging technology business that:

12       (1) is located in an urban technology zone;

13       (2) commits to maintaining its United States headquarters in an  
14 urban technology zone for the duration of the grant term of two years  
15 and at least three additional years;

16       (3) employs 100 or less full-time employees; and

17       (4) has experienced a net increase of 20 percent in full-time  
18 employees or an increase of 20 percent in gross annual revenue during  
19 the twelve-month period preceding the application.

20       c. An emerging technology business seeking to participate in the  
21 program shall submit an application in a form determined by the Chief  
22 Executive Officer. The application shall include information that the  
23 Chief Executive Officer determines is necessary to administer the  
24 program. All applications shall be submitted prior to June 30, 2022  
25 and shall be reviewed by the authority by December 31, 2022.

26       d. The Chief Executive Officer shall award the grant upon the  
27 submission of proof by an approved emerging technology business  
28 that the business has fulfilled the eligibility requirements pursuant to  
29 subsection b. of this section and any other requirements determined by  
30 the authority. The submission of proof shall be subject to review and  
31 audit by the authority in consultation with the Department of Labor  
32 and Workforce Development.

33       e. The value of a grant made under the program shall be no more  
34 than \$125,000 per quarter for two years, provided that the grantee shall  
35 not receive more than \$1,000,000 in grants pursuant to this section  
36 over the duration of the program. The sum of grants awarded under the  
37 program shall not exceed \$80,000,000, with not more than  
38 \$20,000,000 granted to businesses in each urban technology zone.

39       f. The Chief Executive Officer shall release grant funds to  
40 grantees quarterly upon the business’s submission of proof of payment  
41 for cloud computing services and usage reports for the relevant three  
42 months, submission of proof that the business has continued to  
43 experience a net increase of 20 percent in full-time employment or an  
44 increase of 20 percent in annual gross revenue during the preceding  
45 twelve-months, and any other requirements determined by the  
46 authority. The submission of proof shall be subject to review and audit  
47 by the authority in consultation with the Department of Labor and  
48 Workforce Development.

1       4. The authority shall, subject to appropriation, develop a  
2 marketing program in conjunction with local officials from each  
3 urban technology zone to promote and attract emerging technology  
4 businesses to the urban technology zones.

5  
6       5. The authority shall, subject to appropriation, engage with  
7 providers of cloud computing services to ensure that the maximum  
8 amount of credits and discounts for cloud computing services are  
9 being provided to emerging technology businesses located in urban  
10 technology zones in addition to grants awarded under the program.

11  
12       6. The authority shall review the performance of the Emerging  
13 Technology Urban Grant Program and shall report to the  
14 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
15 19.1), on the performance and economic impact of the program  
16 within two years of the date of enactment.

17  
18       7. The authority may adopt rules and regulations, pursuant to  
19 the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1  
20 et seq.), necessary for the implementation of P.L. , c. (C. )  
21 (pending before the Legislature as this bill), which may include, but  
22 not be limited to, a procedure for recapturing grants awarded  
23 pursuant to P.L. , c. (C. ) (pending before the Legislature as  
24 this bill) in cases in which the authority determines that the  
25 emerging technology business receiving the grant award fails to  
26 meet any condition or requirement established by the authority and  
27 attached to the receipt of the grant award or included in rules and  
28 regulations adopted by the authority governing the implementation  
29 of the program.

30  
31       8. In addition to any monies appropriated to the authority to  
32 effectuate the purposes of P.L. , c. (C. ) (pending before the  
33 Legislature as this bill), the program shall also be credited with:

34       a. any additional monies made available by the authority for  
35 the purposes of the program; and

36       b. monies received by the authority from any public or private  
37 source for the purposes of the program, the coordination and  
38 consolidation of which shall enhance efforts to attract emerging  
39 technology businesses to accelerate the development of urban  
40 technology zones.

41  
42       9. This act shall take effect on the 60th day following the date  
43 of enactment, except the authority may take any anticipatory  
44 administrative action in advance as shall be necessary for the  
45 implementation of this act.

STATEMENT

This bill establishes, subject to appropriation, the Emerging Technology Urban Grant Program (program) in the New Jersey Economic Development Authority (EDA) for the purpose of awarding grants to qualifying emerging technology businesses in order to encourage the businesses to locate in one of four urban technology zones to acquire cloud computing services that will facilitate the business's growth and creation of full-time employment. The bill establishes an urban technology zone in Newark, Trenton, Camden, and New Brunswick.

The Chief Executive Officer of the EDA is to approve for grant eligibility an emerging technology business that meets certain requirements provided in the bill.

The Chief Executive Officer is to issue payment of the grant upon the submission of proof by an approved emerging technology business that the business has fulfilled the eligibility requirements established pursuant to the bill, has maintained required increases in full-time employment or revenue growth, and any other requirements determined by the EDA. The submission of proof is to be subject to review and audit by the EDA and the Department of Labor and Workforce Development.

This bill provides that the value of the grant is to be up to \$125,000 per quarter for two years, provided that no grantee receives more than \$1,000,000 in grants over the duration of the program. The sum of grants awarded under the program is not to exceed \$80,000,000, with no more than \$20,000,000 granted to businesses in each urban technology zone.

The bill provides that, in addition to any monies appropriated to the EDA to effectuate the purposes of bill, the program is to also be credited with any additional monies made available by the EDA for the purposes of the program and monies received by the EDA from any public or private source for the purposes of the program.